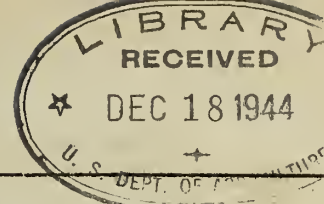


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Administration



No. 26

AMA "WAR BOARD" LETTER

Wash. D.C. July 25, 1942

DEHYDRATION: Plans are completed now for training schools for dehydration plant personnel. School at ARA research center at Albany, Calif., will open in September and will be followed by a school at the Beechnut Food Products plant in Rochester, N.Y. Those attending - mostly new entrants to dehydration field - will be given instruction in technical details of preparing vegetables for dehydration, plant management, etc. Classes will be strictly limited - probably only one person from a plant - and admission will be by invitation only. With the bank of essential materials approved by W.P.B. for expansion of dehydration facilities for milk, eggs, vegetables, and meats, a full report of developments of program will be made in a subsequent letter.

CANNED VEGETABLE PRICE SUPPORT PROGRAM was announced today. Will cover canned asparagus, lima beans, snap beans, beets, sweet corn, carrots, peas, spinach, tomatoes, and tomato juice. Pumpkin and squash prices will be supported if OPA fixes maximum prices for them in line with those already established by it for the other vegetables.

Under program AMA will purchase the ten vegetables listed at 92% of the canners' individual maximum prices as determined by OPA, subject to certain limitations on the basis of area average maximum prices. The prices were established in cooperation with representatives of vegetable canners, and take into consideration area differences among crops. Support prices will not exceed 95% of the area average maximum price to canners for each grade, size, style, or type of each vegetable. Copies of release giving complete details will be mailed you. NOTE: The Department's program already in effect for dehydrated tomatoes and canned peas is not altered by this new program, but is supplemented by it.

GRAIN STORAGE: CCC pre-fabricated grain bin for farm storage program is booming. As of July 23, 7,600 bins (capacity 15,000,000 bushels) had been delivered to farmers by 25 contracting firms. Largest number of bins, 2,300 representing 5,000,000 bu. went into Kansas; 1,800 bins or 3,000,000 bu. to Texas; 1,200 bins or 2,500,000 bu. to North Dakota; and 650 bins, or 1,000,000 bu. to Oklahoma. Program calls for enough bins to provide storage for 100,000,000 bu. CCC has let contracts for 97,500,000 bu. capacity so far.

Bins are delivered on farm at a cost not to exceed 15¢ per bu. capacity. With CCC farm storage rate of 7 cents per bu. this year and cash wheat 20 cents per bu. under 1942 loan rate, farmers find it attractive.

LABOR: US Employment Service has prepared a list of occupations essential to conduct of the war effort and necessary to maintenance of health, safety, morale and security of the civilian population. It is to be used by local Selective Service Boards as a guide in connection with problems of occupational deferment and by USES to determine which types of activities should have prior claims to workers available for referral to job openings.

Under Agriculture are listed: dairy, livestock, poultry, truck, sugar beet, sugar cane, hay, peanut, soybean, cotton, fruit and nut, potato, dried pea and bean, crop specialty (e.g. flax, hemp), seed and general farms; agricultural and horticultural and animal husbandry services, such as tree planting, cattle feed-lot operation, threshing, grist milling, grain cleaning, plowing, corn shelling. Includes also assembly and marketing services such as milk and cream assembly stations and cooperative marketing associations.

Under food processing are listed: fishing, meat-packing and slaughtering, production of butter, cheese, condensed and evaporated milk, canned and cured fish, canned and dried fruits and vegetables, canned soups, fruit and vegetable juices, flour and other mill products, prepared feeds for animals and fowls, starch, cereals, baking powder, rice, bread and other bakery products, sugar, leavening compounds, corn syrup and edible fats and oils.

It also lists forestry, logging and lumbering, including naval stores operations, production of agricultural equipment, fertilizers and insecticides. It is pointed out that the list is not final and will be kept flexible to permit additions or deletions as warranted by changing war conditions.

DAIRY PRODUCTS: In order to encourage a shift to increased production of essentially needed dairy products, AMA on July 21 announced that it would support prices of butter, cheese, and spray process dry skim milk at higher figures. At the same time it announced lower price support figures for evaporated milk and roller process dry skim milk. Price support figure for butter was upped from 36 to 39¢ per lb; cheese from $20\frac{1}{4}$ to 21¢ per lb. and spray type dry skim from $13\frac{1}{2}$ to 14¢ per lb. Evaporated milk price was dropped from \$3.20 to \$3.10 per strapped export case and roller process dry skim was dropped from 12 to 11¢ per lb.

Butter production has continued relatively low, although pasture conditions have been unusually good this year. Increased price is expected to stimulate production. Increase in butter price will more than offset drop in roller type price, so producers supplying milk used for combination of butter and roller type dry skim should receive net increase in price of whole milk.

Drop in price for evaporated milk brings that figure more nearly in line with prices being paid farmers for milk by evaporating plants. Also in conjunction with increase in supporting levels for other dairy products, it will assist in diverting milk from evaporated to other products. Evaporated industry has been requested to make "orderly retreat" from production of evaporated where there are other outlets.

DAIRY PRODUCTS: Brief answers to major questions arising concerning AMA purchases of dairy products: Why must L-L cheese be so dry? To prevent spoilage. In some cases cheese is not consumed until year after it leaves factory. Must be top quality and low in moisture content to stand long continuous handling without refrigeration. Why does AMA purchase processed cheese? For Allied soldiers in tropics where natural cheese in ordinary containers will not keep. It is half No.1 and half No.2 American cheese packed in hermetically sealed containers. Why divert milk from evaporated to powdered milk? Because of pressure for ocean shipping space. L-L demand before Dec. 7 was for 22,000,000 cases annually. It dropped to 7,000,000 cases. AMA maintained purchases and now has about 25,000,000 cases. Switch has been made with price support programs for butter and spray type powder designed to give producers higher returns for milk entering those products than that going to evaporated. What are advantages of spray over roller type dried milk? Spray type reconstitutes better, is more desirable for drinking since it tastes more nearly like pasteurized fluid milk. Limited amounts of roller type are being used for cooking. How big is available market for dried milk? Rate of roller process production is more than adequate. AMA has purchased enough to fill L-L requirements for an entire year. Expansion of spray type production is under way. AMA is experimenting with spray type dried whole milk - purchased about 6,000,000 lbs. through mid-July. As soon as problems in processing, packaging, and shipping are ironed out it appears that this will be one of most important milk products of future. Do we have too much milk? NO!!!! Overall milk production must be kept at highest possible peak to supply civilian, military and L-L needs. Problem is to be sure there are adequate facilities to handle increased production in flush period. But, above all, increased production should NOT be encouraged where there are not adequate marketing facilities available.